



## INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-1185]

### Certain Smart Thermostats, Smart HVAC Systems, and Components Thereof

#### Commission Determination to Review in Part a Final Initial Determination Finding No Violation of Section 337 and, on Review, to Affirm the Finding of No Violation; Termination of the Investigation

**AGENCY:** U.S. International Trade Commission.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given that the U.S. International Trade Commission has determined to review in part a final initial determination (“ID”) issued by the presiding administrative law judge (“ALJ”) on April 20, 2021, finding no violation of section 337 in the above-referenced investigation and, on review, to affirm the finding of no violation.

The investigation is terminated.

**FOR FURTHER INFORMATION CONTACT:** Michael Liberman, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 708-4716. Copies of non-confidential documents filed in connection with this investigation may be viewed on the Commission’s electronic docket (EDIS) at <https://edis.usitc.gov>. For help accessing EDIS, please email [EDIS3Help@usitc.gov](mailto:EDIS3Help@usitc.gov). General information concerning the Commission may also be obtained by accessing its Internet server at <https://www.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205-1810.

**SUPPLEMENTARY INFORMATION:** On November 27, 2019, the Commission instituted this investigation under section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337 (“section 337”), based on a complaint filed by EcoFactor, Inc. of Palo Alto, California (“EcoFactor”). *See* 84 FR 65421-22 (Nov. 27, 2019). The complaint alleges a violation of section 337 based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain smart thermostats, smart HVAC systems, and components thereof by reason of infringement of certain claims of U.S. Patent Nos. 8,131,497 (“the ’497 patent”); 8,423,322 (“the ’322 patent”); 8,498,753 (“the ’753 patent”); and 10,018,371 (“the ’371 patent”). *See id.* The notice of investigation names the following respondents: Daikin Industries, Ltd. of Osaka, Japan; Daikin

America, Inc. of Orangeburg, New York; and Daikin North America LLC of Houston, Texas (collectively, “the Daikin Respondents”); Schneider Electric USA, Inc. of Andover, Massachusetts and Schneider Electric SE of Rueil-Malmaison, France (collectively, “the Schneider Respondents”); ecobee Ltd. and ecobee, Inc., both of Toronto, Canada (collectively, “ecobee”); Google LLC of Mountain View, California; Alarm.com Incorporated and Alarm.com Holdings, Inc. of Tysons, Virginia (collectively, “Alarm.com”); and Vivint, Inc. of Provo, Utah (“Vivint”). The Office of Unfair Import Investigations (“OUII”) is also a party to the investigation.

On June 11, 2020, the ALJ issued an ID (Order No. 10) granting a joint motion to partially terminate the investigation as to the Daikin Respondents based on settlement. *See* Order No. 10 (June 11, 2020), *unreviewed by* Comm’n Notice (July 1, 2020). On August 10, 2020, the ALJ issued an ID (Order No. 15) granting a joint motion to terminate the investigation in part as to the Schneider Respondents based on settlement. *See* Order No. 15 (Aug. 10, 2020), *unreviewed by* Comm’n Notice (Aug. 31, 2020). On November 27, 2020, the ALJ issued an ID (Order No. 27) granting an unopposed motion for partial termination of the investigation as to the asserted claims of the ’753 patent; the asserted claims of the ’322 patent and the ’371 patent as to ecobee; and the asserted claims of the ’497 patent as to Alarm.com. *See* Order No. 27, *unreviewed by* Comm’n Notice (Dec. 15, 2021).

On April 20, 2021, the ALJ issued the final ID in this investigation, holding that no violation of section 337 has occurred in the importation into the United States, the sale for importation, or the sale within the United States after importation, of certain smart thermostats, smart HVAC systems, and components thereof, with respect to asserted claims 1, 2, and 5 of patent ’497, asserted claims 1, 2, and 5 of patent ’322, and asserted claim 9 of patent ’371.

Concerning infringement, the ID finds that respondent Google indirectly infringes all of the asserted claims. Specifically, the ID finds that Google induces infringement of all of the asserted claims and contributorily infringes the asserted claims of the ’497 and ’371 patents. The ID finds that EcoFactor has not shown that respondents ecobee, Vivint and Alarm.com infringe any of the asserted claims of the asserted patents.

Regarding the domestic industry requirement, the ID finds that EcoFactor has not

satisfied the technical or economic prongs of the domestic industry requirement with respect to any of the asserted patents.

Concerning validity, with respect to the '497 patent, the ID finds that asserted claims 1, 2, and 5 have not been shown to be patent ineligible under 35 U.S.C. 101, and have not been shown to be invalid as anticipated or obvious under 35 U.S.C. 102 or 103, respectively. The ID further finds that the asserted claims of the '497 patent have not been shown to be invalid for indefiniteness under 35 U.S.C. 112, ¶ 2. The ID finds, however, that the asserted claims of the '497 patent have been shown to be invalid for lack of written description and enablement under 35 U.S.C. 112, ¶ 1.

As to the '322 patent, the ID finds that asserted claims 1, 2, and 5 have not been shown to be patent ineligible under 35 U.S.C. 101. The ID further finds that the asserted claims of the '322 patent have been shown to be invalid for lack of written description and enablement under 35 U.S.C. 112, ¶ 1. The ID also finds that the asserted claims of the '322 patent have not been shown to be invalid for indefiniteness under 35 U.S.C. 112, ¶ 2. The ID finds, however, that claim 1 has been shown to be invalid as anticipated under 35 U.S.C. 102, but that claims 2 and 5 have been shown to be invalid as obvious under 35 U.S.C. 103.

With respect to the '371 patent, the ID finds that asserted claim 9 has not been shown to be patent ineligible under 35 U.S.C. 101, and has not been shown to be invalid under 35 U.S.C. 102 or 103.

On May 3, 2021, EcoFactor filed a petition for review of various portions of the ID, and respondent Google filed a contingent review for certain aspects of the ID. On May 4, 2021, respondent ecobee filed a contingent petition for review of certain aspect of the ID.

On May 11, 2021, complainant EcoFactor filed a response to Respondents' petitions for review. Also on May 11, 2021, respondents ecobee, Vivint, and Google each filed their respective responses. On May 12, 2021, OUII filed a response to the private parties' petitions.

Having examined the record in this investigation, including the final ID, the petitions for

review, and the responses thereto, the Commission has determined to review in part the ID:

(1) to review the language supporting the ID's determination that EcoFactor failed to satisfy the economic prong of the domestic industry requirement under subparagraphs (A) and (B), and on review to strike the last paragraph on page 560 (*see* ID at 560-561); (2) to review the ID's findings regarding induced and contributory infringement, and on review to additionally provide the requisite findings that Google was willfully blind with respect to the asserted patents and thus possessed the requisite knowledge that its products infringe those patents (with the exception of contributory infringement of the '322 patent) (*see* ID at 404-405, 408-409); and (3) to review the ID's conclusions of fact and law Nos. 14 and 22 on page 576, and on review to correct clerical errors so that each of them reads as follows: "Respondents have shown, through clear and convincing evidence, that the asserted claims are invalid under 35 U.S.C. 112, ¶ 1, and have not shown, through clear and convincing evidence, that the asserted claims are invalid under 35 U.S.C. 112, ¶ 2."

The Commission has determined not to review the remainder of the ID, including the ID's finding of no violation of section 337 in this investigation.

The investigation is terminated.

The Commission vote for this determination took place on July 20, 2021.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in part 210 of the Commission's Rules of Practice and Procedure (19 CFR part 210).

By order of the Commission.

Issued: July 20, 2021.

Lisa Barton,  
Secretary to the Commission.